



North Carolina Department of Health and Human Services
Division of Medical Assistance

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Michael F. Easley, Governor
Carmen Hooker Odom, Secretary

L. Allen Dobson, Jr., M.D., Assistant Secretary
for Health Policy and Medical Assistance

August 15, 2005

TO: Area/County Directors

FROM: Mark T. Benton, Senior Deputy Director

RE: Proposed New Level III and IV Residential Medicaid State Plan Services

Please find below the proposed, new Level III and IV Residential Medicaid rates. The actual effective date of these rates will be contingent upon two things: (1) securing Center for Medicare and Medicaid (CMS) approval of our revised state plan amendment; and (2) obtaining approval of the new rules by the NC Rules Review Commission.

The proposed, new residential rates are as follows:

- Level III – 4 or less beds \$247.35 per day
- Level III – 5 or more beds \$198.43 per day
- Level IV – 5 or more beds \$316.59 per day

Please note that this memorandum will also be posted to DMA's web site at <http://www.dhhs.state.nc.us/dma/fee/mhfee.htm> in addition to DMH/DD/SAS' web site at <http://www.dhhs.state.nc.us/mhddsa/announce/index.htm>.

There were several items factored in the calculation of the proposed Level III and IV Residential Medicaid rates. Those factors included any additional requirements contained in the proposed rules currently under review by the Rules Review Commission, as well as comments submitted directly to the Commission on the rules. Additionally, staff compared the components of these rules to those contained in the Enhanced and CAP-MR/DD rate development conducted earlier this year.

The Divisions of Medical Assistance (DMA) and Mental Health, Developmental Disabilities and Substance Abuse Services (DMH/DD/SAS) are appreciative of, and welcomes, input on the proposed rates prior to their finalization. To effectively address and respond to issues regarding these proposed rates, it will be necessary to focus our efforts on those comments brought to us from representatives of actual service providers and/or prospective Level IV providers. As such, staff from DMA, DMH/DD/SAS and the Controller's Office rate setting sections will seek input from at least three providers for each service for comparison. This data must include the assumptions and the calculations used to arrive at the cost figures from financial statements which must accompany the cost data.

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The process of selecting providers (to submit cost data) will be the same as was used to review the rates for the CAP-MR/DD and Enhanced services. The selection of providers will come from the provider database housed at DMH/DD/SAS' web site. As a reminder, if you would like to be considered for participation in these discussions, you must be registered. If you have registered previously, you do not need to register again. Any new registrations may be submitted at: <http://www.dhhs.state.nc.us/mhddsas/announce/index.htm> Once at this location, scroll down to the 11/3/04 communications titled, "Provider Database Memo and Provider Database Form." Complete the form as indicated and submit the "Provider Database Form" per the instructions. Registrations must be made by August 25, 2005. Please note that registration does not guarantee selection for these cost reviews, but it does place providers in the pool for potential selection. A meeting with the selected providers is tentatively scheduled for September 12, 2005, from 9-11 am, in Room 297 of the Kirby Building (1985 Umstead Drive, Raleigh, NC). The meeting date is subject to change due to the participants selected. The providers selected for this review process will be listed on DMA and DMHDDSAS' respective web pages. And following the completion of the cost reviews with selected providers, the proposed rates will be presented to the DHHS Rate Review Board for final approval.

If you have any questions or concerns regarding the aforementioned rates, please contact Deidra Oates of DMA at (919) 855-4200. If you have questions or comments regarding the process for involving providers, please contact Spencer Clark with DMH/DD/SAS at (919) 733-4670.

cc: Secretary Carmen Hooker Odom
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